

Exhibit A

1 - VOLUME C -
2 IN THE UNITED STATES DISTRICT COURT
3 IN AND FOR THE DISTRICT OF DELAWARE
4 - - -
5 LEON STAMBLER, : CIVIL ACTION
6 Plaintiff :
7 vs. :
8 RSA SECURITY INC. And :
9 VERISIGN, INC., :
10 Defendants : NO. 01-65 (SLR)
11 - - -
12 Wilmington, Delaware
13 Wednesday, February 26, 2003
14 9:00 o'clock, a.m.
15 - - -
16 BEFORE: HONORABLE SUE L. ROBINSON, Chief Judge, and a jury
17 - - -
18 APPEARANCES:
19 MORRIS, NICHOLS, ARSHT & TUNNELL
20 BY: DOUGLAS E. WHITNEY, ESQ.,
21 JACK B. BLUMENFELD, ESQ.,
22 MARYELLEN NOREIKA, ESQ. And
23 JOHN D. PIRNOT, ESQ.
24 -and-
25 Official Court Reporters

1
2 PROCEEDINGS
3

4 (Proceedings commenced at 9:00 a.m., and the
5 following occurred without the presence of the jury.)

6 MR. WHITNEY: Good morning, your Honor.

7 THE COURT: Good morning.

8 MR. WHITNEY: We have a few preliminary things
9 to handle in this period. Paraphernalia.

10 I understand the last couple days two juries
11 have come back in bifurcated cases with verdicts that
12 suggest that maybe the bifurcation has reduced somewhat
13 the confusion that is likely.

14 My point I would like to make today is that
15 if we are taking that step, we ought not to backslide in
16 other respects in order to introduce confusion that can
17 be kept out, and that's what I'm talking about here today.

18 The first confusion that could arise --

19 THE COURT: Before we get started talking
20 substantively, because you're on the clock now and I
21 don't know what clock we're on because you have not given
22 me the hours. So why don't we talk about how long this
23 trial is so that I can start putting you on the clock,
24 talk about practical things and then we can talk about
25 substantive things.

1 APPEARANCES (Continued):
2
3 SHRAGER, SPIVEY & SACHS
4 BY: DAVID S. SHRAGER, ESQ.
5 (Philadelphia, Pennsylvania)
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7 Counsel for Plaintiff
8
9 RICHARDS, LAYTON & FINGER, P.A.
10 BY: FREDERICK L. COTTRELL, III
11
12 -and-
13
14 HALE AND DORR LLP
15 BY: WILLIAM F. LEE, ESQ.,
16 DAVID B. BASSETT, ESQ.,
17 DONALD R. STEINBERG, ESQ. And
18 MARK D. SELWYN, ESQ.
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20 Counsel for RSA Security Inc.
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22 ASHBY & GEDDES
23 BY: STEVEN J. BALICK, ESQ.
24
25 -and-
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27 FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER LLP
28 BY: THOMAS W. WINLAND, ESQ. And
29 VINCENT P. KOVALICK, ESQ.
30 (Washington, D.C.)
31
32 Counsel for Defendant VeriSign, Inc.
33 - - -
34
35

1 MR. WHITNEY: The suggestion that I made was
2 that we would just proceed in this trial as efficiently
3 as we could using up as much time as we needed and then
4 at the end -- splitting the time in half for overall,
5 two trials, and that then, whatever is left over, we'll
6 be able to use in the second trial.

7 MR. LEE: Your Honor, we actually I think the
8 system was where your Honor was, it was more specific.
9 If the trial goes through that Monday, the last -- the
10 next-to-last week in March, I think March 17th, we
11 calculated that there would be approximately 70 hours of
12 time and we proposed, since -- your Honor's two-thirds,
13 one-third, that we go 35 hours for this phase, 25 hours
14 for the second phase and that we split it down the middle.

15 THE COURT: All right. Well, the problem is,
16 whenever I give hours, I always include time for the
17 second jury selection and jury instruction and slippage,
18 so if you are counting all the hours -- I don't think
19 it's a good idea because I know lawyers after all these
20 years, you all will be very inefficient the first trial
21 and then will scream about having not enough time for
22 the second.

23 So I won't accept that. I will add up the
24 hours and give you time.

25 All right. The second issue we have is

1 the practicing lawyers say, can't do that. Can't do that.
 2 You've got to do more.
 3 Well, in my courtroom, you are not going to
 4 do more any more, so this is the last time I will hear an
 5 opening statement like that.

6 All right. Let's bring in our jury.

7 MR. LEE: Your Honor, there's apparently a
 8 cable out on the projector. Can we just get a minute?

9 THE COURT: Oh, sure.

10 (Pause.)

11 MS. NOREIKA: Your Honor, can I ask one
 12 question? Just so I'm clear, each time we mark an
 13 exhibit, would you like me to then offer it at that time?

14 THE COURT: Yes, because it gets confusing if
 15 you don't.

16 MS. NOREIKA: Okay.

17 (At this point the jury entered the courtroom
 18 and took their seats in the box.)

19 THE COURT: Good afternoon, ladies and
 20 gentlemen. You may be seated. You sit down first. You
 21 come in, you sit down. You're in charge of our standing
 22 and sitting here.

23 Before we begin the presentation of evidence,
 24 I thought it would be helpful if I reminded you that the
 25 issue in this case is whether defendants' methods which

1 incorporate the SSL protocol infringe the patents in issue
 2 and if so, what damages, if any, should be awarded.

3 Defendants have spoken in their opening
 4 statements about plaintiff's motivation in bringing
 5 litigation and about the industry's response to the
 6 litigation. Those issues, if proven, may be relevant to
 7 the issue of damages should you reach that issue, but
 8 keep in mind that the question of infringement is the
 9 first and primary determination you will need to make. It
 10 is an objective analysis comparing the limitations of the
 11 claims at issue to the elements of defendants' methods.
 12 And I also remind you that you cannot let sympathy or bias
 13 or other irrelevant matters interfere with your duty to
 14 impartially review the evidence consistent with my
 15 instructions of the law that you will receive at the end
 16 of the evidence.

17 So I just want to get you on the right track
 18 before we start the presentation of evidence and, as soon
 19 as our projector is on board, we'll start.

20 (Pause.)

21 THE COURT: Are we all set? I guess.

22 You may proceed.

23 MS. NOREIKA: Your Honor, plaintiff calls as
 24 its first witness Leon Stambler.
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2 PLAINTIFF'S TESTIMONY

3

4 ... LEON STAMBLER, having been duly
 5 affirmed as a witness, was examined and
 6 testified as follows ...

7

8 DIRECT EXAMINATION

8 BY MS. NOREIKA:

9 Q. Good afternoon, Mr. Stambler.

10 Could you introduce yourself and tell the jury
 11 something about yourself.

12 A. Yes. Is it all right if I wear this hearing
 13 assistance? I don't hear too well.

14 Q. I think you are going to have to be careful that
 15 you don't put it near the microphone, because it
 16 interferes.

17 A. Okay. My name is Leon Stambler.

18 Q. Can you tell us something about yourself?

19 A. Yes. I'm 74 and a half years old. I've been
 20 married for 48 years. I have three children and eight
 21 grandchildren, some of who are sitting right there, and
 22 I'm proud of them and I hope they'll be proud of me.

23 Q. Can you tell us where you are from, Mr. Stambler?

24 A. Yes. I live in Parkland, Florida, and I was born
 25 in a place called Coney Island, in the south part of

1 Brooklyn. I went to school, public school on the same
 2 block that I grew up in and I went to Brooklyn Technical
 3 High School in Brooklyn.

4 Q. Can you tell us what Brooklyn Technical High School
 5 is?

6 A. Yes. That's a special school that -- for children
 7 who show some aptitude in mathematics.

8 Q. And you have to take a test to get in there?

9 A. Yes.

10 Q. How did you come to take that test?

11 A. My mother told me to.

12 Q. Where did you go after you graduated from Brooklyn
 13 Tech.?

14 A. Oh, I went on to City College. I studied electrical
 15 engineering, a five-year program, and graduated with a
 16 Bachelor of Electrical Engineering.

17 Q. Have you gotten any further degrees after your
 18 college degree?

19 A. Yes. I got a Master's degree in electrical
 20 engineering from Polytechnic Institute in Brooklyn. And
 21 then some time afterward, I got a professional degree
 22 from Columbia University.

23 Q. What's a professional degree?

24 A. Well, that's a degree that Columbia grants for
 25 somebody who starts out on a doctoral program, Doctor of

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1 Science, and I never completed a thesis, so they just gave
 2 me a professional degree.
 3 **Q.** Is that equivalent to a second Master's degree?
 4 **A.** **Yes. That's like a second Master's degree.**
 5 **Q.** Was your professional degree also in electrical
 6 engineering?
 7 **A.** **Yes.**
 8 **Q.** **Can you tell us about some of your work experience**
 9 **as an engineer?**
 10 **A.** **Yes. When I graduated from City College, jobs were**
 11 **pretty hard to get in 1950 and I was very lucky to get a**
 12 **job with New York City Department of Public Works as a**
 13 **junior electrical engineer.** My job was to go around to
 14 various fire stations and police stations throughout New
 15 York City, climb the ladders to the roof and to check out
 16 the air raid sirens, to make sure they were working.
 17 **Q.** How long did you stay at that job?
 18 **A.** **I was there for about six months. And then another**
 19 **opportunity came up, which was more in line with my**
 20 education and aspirations. It was a job with the Federal
 21 Government as an electronic scientist at Wright Air Force
 22 Base in Dayton, Ohio, and I took that position.
 23 **Q.** And how long did you stay at that position?
 24 **A.** **I was there about eight months. That was the time**
 25 of the Korean War and I was drafted into the Army.

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1 **Q.** And you went to the Army?
 2 **A.** **Yes.**
 3 **Q.** What did you do?
 4 **A.** **Well, like everybody else, I went through basic**
 5 **training, Fort Dix, New Jersey. Then they sent me to work**
 6 at the Pentagon. I was at the Pentagon for a short period
 7 of time, and then transferred to Baltimore. And every day
 8 I was transported to the Glen L. Martin Company to work
 9 with civilian engineers on an advanced radar system. That
 10 was very useful experience and I learned a little bit
 11 about engineering.
 12 **Q.** After you -- you got out of the Army eventually?
 13 **A.** **Yes.**
 14 **Q.** You were honorably discharged?
 15 **A.** **Yes. I was honorably discharged, private first class.**
 16 **Q.** **And what did you do then?**
 17 **A.** **Well, I was fortunate to get a job with a company in**
 18 **a field that I was very much interested in. It was a**
 19 **small company called Electronic Computer Corporation.** And
 20 in those years, that was in 1951, computers were very new.
 21 And I worked for a company that was the -- one of the
 22 early developers of the first general purpose computer.
 23 I was very fortunate to work with people who were real
 24 innovators and got terrific training on how computers
 25 work. That was a great experience.

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1 **Q.** Have you had any other interesting job --
 2 **A.** **So I should mention that in 1954, I helped install**
 3 one of the computers right close by here, in Philadelphia,
 4 at the Westinghouse Corporation. **After working at**
 5 **Electronic Computer Corporation, I took a position with**
 6 **RCA.**
 7 **RCA had just opened a new division in Lower**
 8 **Manhattan and it seemed like a good opportunity.**
 9 I joined RCA as a -- an entry-level engineer
 10 and I worked primarily on Government programs.
 11 - - -
 12 **A.** **Continuing) After being at RCA, I was promoted to**
 13 **Engineering Group Leader. I worked on military programs,**
 14 **primarily for the Army. I did some work for the Signal**
 15 **Corps.**
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 2 **A.** **(Continuing) I ran a research program for them.**
 3 I also did some work on cryptography for the
 4 Government and I can't talk too much about that because
 5 it was a highly classified program. It was known publicly
 6 as the red phone, the President's, and the Joint Chiefs of
 7 Staff.
 8 I was asked to install that system at the
 9 Pentagon, at the Joint Chiefs' facility in London, and
 10 Joint Chiefs' facility in Paris.
 11 **Q.** **Have you had any other interesting job opportunities,**
 12 **Mr. Stambler?**
 13 **A.** **Yes. I also had a position with Conn Edison. Conn**
 14 **Edison, that was a different environment for me. It was**
 15 more in the vein of an operating a maintenance environment.
 16 **I had to deal with making sure the electricity was**
 17 **supplied to people who used electricity and they got their**
 18 **meters read on time and we answered their complaints. I**
 19 **was responsible for the communications at the generating**
 20 **facilities, such as the nuclear power facility at Indian**
 21 **Point.**
 22 I had a lot of responsibilities and I reported
 23 directly to the Chairman and the President of the company.
 24 **Q.** And after you left Conn Edison, did you have any
 25 other interesting job opportunities?

1 **A. Yes. There was a time that I worked for Blue Cross**
 2 for a couple of years and also there I was an advisor to
 3 executives to help them select computer systems and
 4 communication systems for their operations.

5 **Q.** And how long did you stay at Blue Cross?

6 **A. Well, I was there only a couple of years, and**
 7 actually what happened is in prior years I had -- I had
 8 diabetes and **I think in 1988, I had a heart attack. So,**
 9 **you know, I had to retire as a result of that because,**
 10 **you know, I felt I should just take it easy for a while.**

11 So I left.

12 **Q.** And did you retire?

13 **A. Yes.**

14 **Q.** Did you stay retired?

15 **A. Well, yes. I was retired actually for about six**
 16 **months, and what happened after a few months, my kids**
 17 **saw that I was bored and they started getting after me**
 18 **and said, you know, dad, you'd better start getting back**
 19 **into things.** We know you're creative and you'd better
 20 start creating again and doing things that we know you
 21 can do.

22 **And about that time, I remember getting a call**
 23 **from my son. At the time, he was working at Harvard and**
 24 **he had gotten a salary check and he told me about an**
 25 **experience he had.** He went to the bank and he wanted to

1 cash his check and they wouldn't cash it because he didn't
 2 have two pieces of proper identification. So he was very
 3 unhappy about that.

4 He said, Dad, you ought to think about that
 5 problem. That's a problem that needs to be solved and
 6 many people I'm sure will have the same problem.

7 **So I put it in the back of my mind. And as I**
 8 **went around to various places, I saw similar problems**
 9 **that related to this problem.**

10 For example, my son-in-law, who's sitting
 11 there, I remember he called me once, and he said to me,
 12 you know, I have a problem in my office. We have a Fax
 13 machine and he was working at the time as -- in commercial
 14 real estate. And they had a common Fax machine and
 15 everybody read Faxes that came in. He would get many
 16 leads on that Fax machine and he said you should think
 17 of a way of me getting that Fax so I can keep the
 18 information confidential because those are good leads and
 19 I'd like to keep it to myself.

20 So I noted that, you know, in exchanging
 21 information, confidentiality is a very important thing.
 22 And then later on I had a personal experience of my own.
 23 I was out of town and I had been taking medicines for
 24 my diabetes and my heart ailment, and I ran out of my
 25 prescription. And unfortunately, I didn't have a

1 prescription with me and I knew I couldn't go to the
 2 pharmacist because he would require a prescription and,
 3 you know, he didn't know my doctor. He didn't know who
 4 I was.

5 So I related that problem to the problem that
 6 my son had at the bank. Number one, I'd have to identify
 7 myself. I'd have to identify who the doctor was. I'd
 8 have to make sure that the information for the prescription
 9 was correct and that the pharmacist was getting the correct
 10 information. I was also concerned with who would pay for
 11 the prescription. I had insurance and I wanted my
 12 insurance company to be able to pay for the drugs. So I
 13 knew that that information about the cost of the
 14 prescription and the actual prescription had to in some
 15 way be delivered for payment to the insurance company
 16 and I thought, you know, that would actually have to
 17 involve a computer system of some kind with remote
 18 computers talking to each other.

19 **So that was another thing that I realized and**
 20 **I realized also that there were many aspects to this**
 21 **problem.**

22 Number one, you had to identify parties in the
 23 transaction and secure their interests in the transaction.
 24 And their interest then to properly identify them, to
 25 make sure that the information was not changed, that the

1 information was maintained confidential, and
 2 authenticated. And in some way, you'd have to be able to
 3 verify that information.

4 **And what occurred to me was that it was hard**
 5 **to think about these problems in the abstract and I'd**
 6 **better write it down.** And I wrote down my thinking about
 7 it. I thought, well, maybe I ought to go to the library
 8 and see what other people have done before me. That's
 9 what I did and I did some research on what was done
 10 before and I found that nobody had the same ideas as I
 11 had in terms of coming up with answers. I came across
 12 things like people used special paper with water marking
 13 on it so that you couldn't change what was on the paper
 14 or they had special stamps and things like that.

15 And even in the patents I researched, I
 16 didn't find anything that resembled what I was thinking
 17 about. People on computers talking to each other
 18 remotely. How do they identify each other?

19 **So I decided one of the good things I might**
 20 **do is I wanted to see whether what I was thinking was**
 21 **actually practical. I should write some software programs**
 22 **on my computer and try out these ideas. And I did that.**
 23 **And I went through many variations. I must have written**
 24 **six or seven programs over a two- or three-year period.**
 25 And I tried them and I thought to myself, you know,

1 these ideas are pretty good.

2 I went to my daughter, who's a patent lawyer,
3 I mean she's a regular lawyer, and I thought -- said what
4 do you think I ought to do with this? She said you have
5 to take it to a patent lawyer and that's what I did. I
6 interviewed many lawyers to find the right patent lawyer.
7 I found a fellow who I knew from RCA who had been an
8 engineer and was now a patent lawyer. His name was Joseph
9 Lurge (phonetic) and he worked for a patent law firm,
10 Darby and Darby in Manhattan. I told him, Look, I'd like
11 to file a patent on this. I'd like to get your opinion
12 on what you think of it.

13 And I gave it to him and he came back to me
14 and said, yes, he thinks it's patentable. And we worked
15 over a period of time. I would see him every week.

16 One thing I should mention is after I wrote
17 this down on paper, I gave it to my son because I felt my
18 son was a bright kid and I'd like to have his opinion.

19 Well, he gave it back to me and said I don't
20 understand any of it. You know, it's too complicated.
21 It's not in my field.

22 So I thought, you know, I needed a patent
23 attorney for that, who could write it in a way people
24 would understand it. And that's what some of the -- the
25 work the patent attorney did.

1 Anyway, what happened was, I felt that this
2 patent attorney was taking too long to get it written and
3 I was anxious to have it filed. And he was a very busy
4 guy and, even though I kept urging him, it persisted, it
5 was taking too long, it was costing me a lot of money.
6 So I decided to change patent law firms and I went to a
7 different law firm in Philadelphia that somebody also
8 recommended to me, a law firm called Panitch Schwarze.
9 And after a few months I was satisfied with what they
10 were doing. And that was November '92 and we filed the
11 patent with the Patent Office.

12 Q. Mr. Stambler, I think you told us that before you
13 went to your daughter, that you determined you had come
14 up with something; is that right?

15 A. Yes.

16 Q. Do you think you had invented something?

17 A. Yes, I did.

18 Q. What was it that you thought you had invented?

19 A. Well, I thought I had invented a method of securing
20 the interests of many parties to a transaction. And those
21 interests involved authenticating all of the parties in
22 the transaction and, you know, I proved several ways of
23 doing that. One of the ways was to use a personal
24 identification number or a PIN. Another way was to
25 provide credentials for all of the people involved in

1 the transactions. Credential was well known. It goes
2 back in history. Ambassadors would have credentials that
3 they would show to kings at court to establish who they
4 were.

5 So I thought the idea of using a credential,
6 either physically or electronically, might be appropriate
7 for this kind of a situation. The credential had to be
8 provided by somebody who -- who everybody trusted and
9 that, whoever provided that credential had to vouch for
10 authenticating that particular party. And that was part
11 of the idea in the patent.

12 So I would identify people with credential or
13 a PIN and I would authenticate the people and the
14 information that was involved in the transaction with
15 something I called a variable authentication number. I
16 thought of that term myself because I thought it most
17 closely describes what I had in mind. It was a number
18 that was generated from a cryptographic algorithm and I
19 will tell you what I mean by that in a minute. And it
20 could be used to -- the number itself could be used to
21 establish the identity of the parties and verify that
22 the information was correct.

23 And the number, that variable authentication
24 number, could be formed in a variety of ways. One of the
25 ways I thought of was to use what was called an error

1 detection code. An error detection code also was
2 something that I didn't invent, but it was used many
3 times before.

4 I came across a situation once in a bank
5 where a friend of mine told me how tellers prove their
6 transactions at the end of the day. When they have a
7 transaction, they add up the digits in that transaction
8 and use the last digit of that sum and record that as
9 part of the transaction. Then, at the end of the day,
10 they've got all the transactions they did and they've got
11 the digits that they recorded, but where they called this
12 digit a check sum.

13 At the end of the day, they would add up all
14 the digits from the transaction and they'd have a total
15 check sum. And then they would add up the sum of the
16 digits or the transaction and if that check sum
17 corresponded to the check sum of all the individual check
18 sums, they were pretty sure that they didn't make a
19 mistake.

20 So I thought, you know, something like that
21 could be used in terms of verifying the information in a
22 transaction. But I was also aware that there were much
23 more sophisticated error detection codes from my work in
24 communications and computers. I envisioned that that
25 would be used in computers when I wrote the patent.